



U.S. ELECTION ASSISTANCE COMMISSION

1225 NEW YORK AVENUE, N.W., SUITE 1100  
WASHINGTON, D.C. 20005

March 30, 2007

Marci Andino  
Executive Director  
State Election Commission  
P.O. Box 5987  
Columbia, South Carolina 29250-5987

Dear Ms. Andino:

Attached is the final audit resolution report of the U.S. Election Assistance Commission (EAC) regarding the single audit of Help America Vote Act (HAVA) funds expended by South Carolina. The resolution is based upon the information provided by the audit conducted by the State of South Carolina, Office of the State Auditor and Clifton Gunderson, LLP.

After careful consideration of all the facts presented, EAC has determined that two of the three reportable conditions identified during the single audit were identified during the full audit of HAVA funds conducted by the EAC Office of Inspector General (Assignment No. E-HP-SC-11-06) and will be resolved during that audit resolution. EAC will postpone any decision on potential repayment of an insufficient matching contribution, lost interest, or improperly reported unliquidated obligations until the resolution of the OIG audit findings. Within 30 calendar days, the state must submit documentation showing the unit cost of each voting system purchased by the State Election Commission for the EAC to make a final determination concerning the audit finding of understated capital assets.

The state shall have 30 days to appeal EAC's management decision. The appeal must be made in writing to the Chairman of the EAC. Within 30 days of receiving the appeal, the Commission may hold a hearing to consider the appeal, take evidence or testimony related to the appeal, and render a decision on the appeal, if appropriate at that time. The Commission will render a final and binding decision on the appeal no later than 60 days following the receipt of the appeal or the receipt of any requested additional information. If the state does not file an appeal, this decision will become final and binding at the expiration of the appeal period.

We appreciate your cooperation in this matter as we work together to ensure that HAVA funds are used in accordance with the law.

Sincerely,

A handwritten signature in black ink, appearing to read "T. Wilkey", with a large, stylized flourish at the end.

Thomas R. Wilkey  
Executive Director



U.S. ELECTION ASSISTANCE COMMISSION  
1225 New York Ave. NW – Suite 1100  
Washington, DC 20005

**Final Audit Resolution Report**  
**South Carolina Single Audit – Assignment No. E-SA-SC-44-06**  
**Issued March 30, 2007**

**Summary of Decision**

The U.S. Election Assistance Commission (EAC or Commission) has determined that two of the three reportable conditions identified during the single audit were identified during the full audit of HAVA funds conducted by the EAC Office of Inspector General (Assignment No. E-HP-SC-11-06) and will be resolved during that audit resolution. EAC will postpone any decision on potential repayment of an insufficient matching contribution, lost interest, or improperly reported unliquidated obligations until the resolution of the OIG audit findings. Within 30 calendar days, the state must submit documentation showing the unit cost of each voting system purchased by the State Election Commission for the EAC to make a final determination concerning the audit finding of understated capital assets.

**Background**

The EAC is an independent, bipartisan agency created by Help of America Vote Act of 2002 (HAVA). It assists and guides state and local election administrators in improving the administration of elections for federal office. EAC provides assistance by dispersing federal funds to states to implement HAVA requirements, adopting the voluntary voting system guidelines, and serving as a national clearinghouse and resource of information regarding election administration. EAC is also responsible for the accreditation of testing laboratories and the certification, decertification, and recertification of voting systems.

In addition to EAC's role in distributing HAVA funds, the agency is responsible for monitoring the fiscally responsible use of HAVA funding by the states. The EAC seeks to ensure funds distributed under HAVA are being utilized for the purposes mandated by HAVA to ultimately improve the administration of federal elections. To fulfill this responsibility, the EAC conducts periodic fiscal audits of state HAVA fund expenditures and determines the any corrective actions necessary to resolve issues identified during audits. EAC is also responsible for resolving issues identified during state single audits conducted under the Single Audit Act. The EAC Office of Inspector General (OIG) has established a regular audit program in order to review the use of HAVA funds by states. The OIG's audit plan and audit findings can be found at [www.eac.gov](http://www.eac.gov).

The Audit Follow-up Policy approved by the Commission authorizes the EAC Executive Director to issue the management decision for external audits and single audits. The Executive Director has delegated the evaluation of final audit reports provided by the OIG and single audit reports issued by the states to the EAC Programs and Services Division. The Division provides a

recommended course of action to the Executive Director for resolving questioned costs, administrative deficiencies, and other issues identified during an audit. The EAC Executive Director issues a Final Audit Resolution (management decision) that addresses the findings of the audit and details corrective measures to be taken by the state.

When an audit identifies questioned costs, the EAC considers not only whether the state followed proper procurement procedures, but also whether the expenditures actually served to further the goals of HAVA. EAC has identified three methods of resolution regarding questioned costs: 1) Expenditures that were identified as permissible under HAVA and federal cost principles, but did not follow appropriate procedures do not have to be repaid; 2) Expenditures that may have been permissible under HAVA but lacked adequate documentation must be repaid to the state election fund, which was created in accordance with HAVA section 254(b)(1); and 3) Expenditures that were clearly not permissible under HAVA or federal cost principles must be repaid to the U.S. Treasury. In addition to repayment of funds, the EAC may require future reporting by a state to ensure that proper internal controls and procedures have been established to prevent future problems.

States may appeal the EAC management decision. The EAC Commissioners serve as the appeal authority. A state has 30 days to appeal EAC's management decision. All appeals must be made in writing to the Chair of the Commission. The Commission will render a decision on the appeal no later than 60 days following receipt of the appeal or, in the case where additional information is needed and requested, 60 days from the date that the information is received from the state. The appeal decision is final and binding.

## **Audit History**

The State of South Carolina, Office of the State Auditor and Clifton Gunderson, LLP conducted an audit under the Single Audit Act that covered the use of HAVA funds provided to South Carolina. The single audit report (Assignment No. E-SA-SC-44-06) for the State of South Carolina for the state fiscal year that ended June 30, 2005 identified three issues that require EAC resolution.

## **Audit Resolution**

The following categories explain the results of the audit outlined in the final audit report and how the EAC reached its final audit resolution regarding the issues identified by the OIG.

### **State did not meet the 5 percent match requirement**

EAC does not agree with the state auditor's interpretation of the matching funds requirement. HAVA §253(b)(5) requires that the state appropriates funds "for carrying out the activities for which the requirements payment is made in an amount equal to 5 percent of the total amount to be spent for such activities..." HAVA does not require a state to pay for every expenditure utilizing a 95% federal funds to 5% state funds ratio. As long as the required 5 percent match is deposited in the state election fund mandated by HAVA and interest is being earned on those matching funds, the order in which they are spent in comparison to the federal funds is a state administrative decision. The full audit of South Carolina's HAVA funds conducted by the OIG (Assignment No. E-HP-SC-11-06) does contain an analysis of the state's 5 percent match requirement and EAC

will postpone any decision on potential repayment of an insufficient matching contribution or lost interest until the resolution of the OIG audit findings.

**State did not report interest earned on annual reports**

EAC agrees with the findings that the state did not properly account for interest earned on HAVA funds or unliquidated obligations in the state's annual financial status reports. EAC has provided all states with detailed reporting instructions and guidance which is available on the EAC website at [www.eac.gov](http://www.eac.gov). EAC has requested amended financial status reports from the state but has extended the deadline until EAC issues a resolution to OIG Assignment No. E-HP-SC-11-06. The resolution of the OIG audit could result in adjustments that would require further amendments in addition to the changes already requested from the state.

**Proper inventory of equipment purchased with HAVA funds was not maintained**

EAC does not have sufficient information to determine whether the expenditures on voting systems surpassed the monetary threshold for being considered equipment purchases. EAC requires that the state provide documentation that shows the unit cost of each voting system purchased in order to show that the expenditures did not meet the threshold to be considered equipment.

**Final Management Decision**

EAC has determined that two of the three reportable conditions identified during the single audit were identified during the full audit of HAVA funds conducted by the EAC Office of Inspector General (Assignment No. E-HP-SC-11-06) and will be resolved during that audit resolution. EAC will postpone any decision on potential repayment of an insufficient matching contribution, lost interest, or improperly reported unliquidated obligations until the resolution of the OIG audit findings. Within 30 calendar days, the state must submit documentation showing the unit cost of each voting system purchased by the State Election Commission for the EAC to make a final determination concerning the audit finding of understated capital assets.

If the state believes that anything in this final management decision is an adverse action and the state does not agree, the state shall have 30 days to appeal EAC's management decision. The appeal must be made in writing to the Chairman of the EAC. Within 30 days of receiving the appeal, the Commission may hold a hearing to consider the appeal, take evidence or testimony related to the appeal, and render a decision on the appeal, if appropriate at that time. The Commission will render a final and binding decision on the appeal no later than 60 days following the receipt of the appeal or the receipt of any requested additional information. If the state does not file an appeal, this decision will become final and binding at the expiration of the appeal period.

# **Final Audit Resolution Report**

**South Carolina Single Audit – Assignment No. E-SA-SC-44-06**

**Attachment 1**



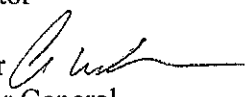
U.S. ELECTION ASSISTANCE COMMISSION

OFFICE OF INSPECTOR GENERAL  
1225 New York Ave. NW - Suite 1100  
Washington, DC 20005

June 6, 2006

Memorandum

To: Thomas Wilkey  
Executive Director

From: Curtis W. Crider   
Deputy Inspector General

Subject: Resolution of Findings in the State of South Carolina Statewide Single Audit  
for the Year Ended June 30, 2005 (Assignment No. E-SA-SC-44-06)

The subject single audit report contains reportable conditions\* (Attachment 1) applicable to the South Carolina State Election Commission's (SEC) administration of Help America Vote Act (HAVA) funds. The audit was performed by the State of South Carolina, Office of the State Auditor and Clifton Gunderson, LLP, who are responsible for the report's findings.

The reportable conditions and recommendations are summarized below and presented in further detail in the attachment.

***Reportable Conditions***

**CONDITION 05E28-2 MATCHING REQUIREMENT**

***Finding:*** The SEC did not meet the 5% state match required by the Help America Vote Act of 2002 for one of the nine transactions tested. The required match for the disbursement was \$731,213; however the SEC paid only \$472,292 of this required amount with appropriate matching funds.

***Recommendation:*** The SEC should (1) develop and implement a policy for monitoring compliance with matching requirements, (2) correct the undermatch before the end of the grant period, and (3) determine the amount of lost interest and reimburse the federal program for this amount.

***Proposed Corrective Actions:*** In its response to the report (Attachment 2), the SEC indicated that it would reimburse the federal program for the federal funds that were used

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\* According to the audit report, "reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control over compliance that, in our judgment, could adversely affect the State of South Carolina's ability to administer a major federal program in accordance with the applicable requirement of laws, regulations, contracts, and grants."

that should have been paid from matching funds. The SEC indicated that it would work with the State Treasury's Office to determine the amount of interest that may need to be repaid. The SEC also indicated that it would contact the EAC for instructions on whether reimbursement of the interest was necessary.

### **CONDITION 05E28-3 REPORTING**

**Finding:** The SEC did not report interest earned on Title I, Sections 102 of the Help America Vote Act funds and the SEC did not accurately report interest earned for the Help America Vote Act Requirements Payment grant. In addition, the SEC understated the unliquidated obligations balance in its September 30, 2004, SF 269 by \$4,140,768.

**Recommendation:** The SEC should submit revised reports correcting the identified errors. The SEC should meet with the federal grantor to identify the reporting requirements and to develop procedures to ensure accurate reporting.

**Proposed Corrective Actions:** In its response, the SEC indicated that they were working with the State Treasury's office in an effort to determine the interest on each individual section of funds so that amended reports could be filed.

### **CONDITION 05E28-4 EQUIPMENT PURCHASES**

**Finding:** Eight voting machines purchased by the SEC to be used as demonstration units were not recorded under the proper expenditure code. As a result, capital assets were understated by \$56,993

**Recommendation:** The SEC should develop and implement procedures to ensure that equipment transactions are properly recorded. The SEC should also correct its assets records for the equipment already purchased.

**Proposed Corrective Actions:** In its response, the SEC did not agree with the recommendation. The SEC indicated that twelve machines were purchased not eight. Although they had not determined the exact cost of each machine, they felt the value would be under \$5,000 per machine. As a result, capital assets were not understated by \$56,993.

#### ***Office of Inspector General Recommendations to the EAC:***

1. Ensure that the SEC corrects the undermatch and reimburses the federal program for any lost interest.
2. Require that the SEC submit reports correcting the problems identified in reportable condition 05E28-3. Verify that corrective actions have been implemented as designed.
3. Require that the SEC submit documentation showing that the voting machines identified in reportable condition 05E28-4 were valued at less than \$5,000.

Please provide us a response to this memorandum by August 7, 2006. If you have any questions about this matter, please call me at (202) 566-3125.

cc: Chairman, U.S. Election Assistance  
Commission  
Executive Director, State Election Commission,  
State of South Carolina

Attachments




bcc: OIG subject/chron

APR 04 2006

**STATE OF SOUTH CAROLINA**  
**STATEWIDE SINGLE AUDIT**  
**FOR THE YEAR ENDED JUNE 30, 2005**

EIN: 576000286 000 SC FY: 6/30/2005 S 04  
STATE OF SOUTH CAROLINA  
Box 3002 Loc 5 SFlag 50 DBKey 170349



**STATE OF SOUTH CAROLINA**  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2005

Questioned  
Costs

SOUTH CAROLINA STATE ELECTION COMMISSION (E28) (CONTINUED)

**05E28-2. Matching Requirement**

This is a reportable condition.

Help America Vote Act Requirements Payment

CFDA No.: 90.401

Grant No.: None

During our testing of non-payroll related disbursements, we noted that for one of the nine (11%) transactions tested for compliance with matching requirements the Commission did not meet the 5% state match required by the Help America Vote Act of 2002. The required match for the disbursement was \$731,213; however, the Commission paid only \$472,292 of this required amount with appropriate matching funds.

Funds appropriated for the match requirement were depleted at the time the invoice was due for payment. The Commission wanted to ensure the invoice was paid within 30 days as required by Section 11-35-45 of the South Carolina Code of Laws; and therefore, paid the invoice with available funds on hand.

According to Section 253 (b) (5) of the Help America Vote Act of 2002, the State must "appropriate funds for carrying out the activities for which the requirements payment is made in an amount equal to 5 percent of the total amount to be spent for such activities."

We recommend that the Commission develop and implement a policy for monitoring compliance with matching requirements. We further recommend the Commission correct the undermatch before the end of the grant period. Additionally, the Commission should determine the amount of interest lost as a result of their action and reimburse the federal program for this amount.

None

See Agency's Corrective Action Plan at page 225.

**STATE OF SOUTH CAROLINA**  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2005

Questioned  
Costs

SOUTH CAROLINA STATE ELECTION COMMISSION (E28) (CONTINUED)

05E28-3. Reporting

This is a reportable condition

Election Reform Payments

CFDA No.: 39.011

Grant No.: None

Help America Vote Act Requirements Payments

CFDA No.: 90.401

Grant No.: None

The State Election Commission (the Commission) is required to submit annual reports to the U.S. Election Assistance Commission (the EAC). Based on our review of the submitted reports we found the following:

1. The initial SF 269 report submitted for the Election Reform Payments grant did not report interest earned applicable to Title I, Sections 101 and 102 of the Help America Vote Act. The Commission submitted a revised report, which included Title I, Section 101 interest earned for the calendar year 2004, but did not report Title I, Section 102 interest.
2. The Commission did not accurately report interest earned for the Help America Vote Act Requirements Payment grant. In the SF 269 report submitted on July 27, 2005 the Commission calculated interest earnings for the period of September 10, 2004 to September 30, 2004 using the total grant award as its base. Interest earnings should have been calculated based on the average daily balance of funds on hand.

**STATE OF SOUTH CAROLINA**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2005**

**Questioned  
Costs**

**SOUTH CAROLINA STATE ELECTION COMMISSION (E28) (CONTINUED)**

**05E28-3. Reporting (Continued)**

3. The Commission did not accurately report the total amount of unliquidated obligations in its September 30, 2004 SF 269 report for the Help America Vote Act Requirements Payment grant. The Commission reported the remaining grant award balance instead of the unliquidated obligations balance. As a result the unliquidated obligations balance was understated by \$4,140,768.

The Commission staff responsible for completing the reports explained that they did not receive adequate training from the grantor with respect to financial reporting. As a result the Commission has not developed and implemented controls to ensure that the reports are completed accurately and in accordance with grant requirements.

We recommend that the Commission submit revised reports amending the errors described above. In addition, we recommend that the Commission meet with the federal grantor to identify the reporting requirements applicable to its federal grants and develop and implement procedures to ensure accurate reporting of information to the federal grantor. The procedures should identify specific steps to be followed by the preparer and require an independent review to ensure the timely detection and correction of errors.

None

See Agency's Corrective Action Plan at page 227.

**STATE OF SOUTH CAROLINA**  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2005

Questioned  
Costs

**SOUTH CAROLINA STATE ELECTION COMMISSION (E28) (CONTINUED)**

**05E28-4. Equipment Purchases**

This is a reportable condition.

Help America Vote Act Requirements Payment  
CFDA No.: 90.401  
Grant No.: None

We noted that the Commission purchased eight voting machines to be used as demonstration units to educate voters and provide training to local and state government officials on the new statewide voting system. This equipment was not recorded under the proper expenditure object code (0604); therefore, it was not capitalized.

Grant funds were used to purchase voting machines for the county precincts as well as for Commission use. All of the voting machines purchased were charged to one object code. The Commission should have charged the machines that were intended for its use to the capital asset object code. As a result, the Commission's capital assets were understated by \$56,993.

OMB Circular A-133, Part 3-F, requires that States use, manage, and dispose of equipment in accordance with State laws and procedures. State guidelines require equipment with a cost greater than \$5,000 and a useful life greater than two years to be capitalized.

We recommend the Commission develop and implement procedures to ensure that equipment transactions are properly accounted for as assets on the Commission's books of account. Additionally, we recommend that the Commission correct its assets records to reflect the voting machines previously purchased.

None

See Agency's Corrective Action Plan at page 229.

## State of South Carolina



## Election Commission

PHONE: (803) 734-9060  
 FAX: (803) 734-9366  
[www.state.sc.us/scsec](http://www.state.sc.us/scsec)

## COMMISSIONERS

KARL S. BOWERS, JR.  
 Chairperson

JOHN H. HUDGENS, III

PAMELLA B. PINSON

EDWARD K. PRITCHARD, JR.

JOHN SAMUEL WEST

MARCI ANDINO  
 Executive Director

DONNA C. ROYSON  
 Deputy Executive Director  
 Director, Voter Services

JANET REYNOLDS  
 Director  
 Administrative Services

GARRY BAUM  
 Director,  
 Public Information and  
 Training

CHRIS WHITMIRE  
 Public Information Officer

March 14, 2006

Ms. Jennifer L. Curran, Audit Manager  
 South Carolina Auditor's Office  
 1401 Main Street, Suite 1200  
 Columbia, South Carolina 29201

Dear Ms. Curran:

This letter is in response to an audit performed by the South Carolina Auditor's Office and the reportable condition regarding 05E28-2 - Matching Requirement.

The Auditor's Office reported that the State Election Commission (SEC) did not meet the 5% match required by the Help America Vote Act of 2002. The State Election Commission was initially advised that we should receive approximately \$42M in Title 2 federal funds over a three year period beginning in fiscal year 2004. The SEC requested \$700,000 in matching funds for state fiscal years 2003-04, 2004-05, and 2005-06. We received authorization to receive the matching funds over the three year period as that is how we understood we would be receiving the federal funds. We have now been advised by the Election Assistance Commission (EAC) that we should have had the entire \$2,100,000 available to us when we agreed to receipt of the federal funds.

We received \$32,421,280 in Title 2 federal funds in fiscal year 2004-05 for fiscal years 2004 and 2005. We were instructed that we would receive our first matching funds in 2003-04 in the form of demutualization funds, but since we were too far down the priority list, those funds did not come to fruition. We received the first \$700,000 in matching funds in fiscal year 2005. We were also appropriated \$700,000 through Bernie Maybank funds which were received by our office at the end of each quarter. We processed voucher # 651 on March 30, 2005 in the amount of \$14,809,418.62. The voucher was to pay for a portion of the voting machines purchased for the counties and the SEC. At the time of payment of the voucher, we did not have available to us the entire amount needed to pay the matching portion on the voucher. We depleted the matching funds that we did have available and paid the balance with federal funds. Janet Reynolds, Finance Director for the SEC, contacted our budget analyst and was advised that agencies normally are required to match the federal funds by the end of the grant period. Another element to this situation is that Proviso 62.12 allowed us to use leftover primary election funds to meet our match if we did not have enough in matching funds. The amount needed in matching funds at the time we paid DV 651 was \$731,213.49. We had \$299,487.27 available at that time in matching funds. The amount needed in matching funds to pay the voucher was \$431,726.23. We had approximately \$211,000 in primary election carry forward funds at that time. After being advised by our budget analyst that we should be able to

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provide the match by the end of the grant period, the Finance Director felt comfortable using the federal funds in order to pay the invoice in a timely manner. She did not realize at the time that it would affect the interest that would have been accruing on the federal funds if they had been left in the account.

We had never received federal funds in this agency until we received the Help America Vote Act (HAVA) funds. This grant has been completely confusing, and we have had very little guidance regarding grant procedures. The EAC was not formed until two years after the money became available to us. We contacted General Services Administration (GSA) on several occasions to ask questions as they were in charge of the grant until the EAC was formed. In some cases we were told they could not advise us until the EAC made certain decisions. With no experience in administering grants, we contacted several people, including the Department of Public Safety and were advised by them that they would assist us with the process. They informed us immediately before they were to begin working with us that they could not do so. We contacted another person recommended by the State Budget Office and she agreed to assist us. However, after some consideration she also declined to assist us. We contacted the State Budget office, other state agencies, and even the State Auditor's Office and were given no assistance at all. The State Budget Office told us they could request the forms from us, but could give us no guidance in preparing them. The State Auditor's Office gave us no guidance, but has now audited us and written us up for things that could have been avoided had we been advised properly when we requested assistance.

You have advised that we need to develop and implement a policy for monitoring compliance with matching requirements. Our policy has always been that we will process each voucher that requires Title 2 federal funds with a 95% federal to 5% state match ratio. We have followed that policy with the exception of that one voucher where we did not have adequate matching or primary funds to provide the match at the time the voucher was due.

We will reimburse the federal program for the federal funds used that should have been paid from matching funds. You have also recommended that we determine that amount of interest lost and reimburse the federal program for that amount. Since agencies are not normally allowed to retain the interest in a federal grant, and HAVA required that we do so, we are having some difficulty in determining separate amounts of interest due for each section of funds under HAVA. We will, however, work with the State Treasurer's Office to attempt to determine the amount, and we will contact the EAC for instruction on whether the reimbursement of interest is necessary. If so, we will reimburse the amount of interest that would have accrued in the federal fund account.

Sincerely,



Marci Andino  
Executive Director



# State of South Carolina



## Election Commission

PHONE: (803) 734-9060  
FAX: (803) 734-9366  
[www.state.sc.us/scsec](http://www.state.sc.us/scsec)

### COMMISSIONERS

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Director, Voter Services

JANET REYNOLDS  
Director  
Administrative Services

GARRY BAUM  
Director,  
Public Information and  
Training

CHRIS WHITMIRE  
Public Information Officer

March 29, 2006

Ms. Jennifer L. Curran, Audit Manager  
South Carolina Auditor's Office  
1401 Main Street, Suite 1200  
Columbia, South Carolina 29201

Dear Ms. Curran:

This letter is in response to an audit performed by the South Carolina Auditor's Office and the reportable condition regarding 05E28-3 - Reporting.

The Auditor's Office reported that the State Election Commission (SEC) should have calculated the interest earned on the Help America Vote Act funds on an average daily balance. Due to the fact that agencies are not normally allowed to earn and retain the interest on federal grants, the State Treasurer's Office maintains the interest in one sub fund. We were not aware that the interest would need to be broken out according to Title 1 Section 101 and 102 and Title 2. We are currently working with the State Treasurer's Office in an effort to determine the interest earned on each individual section of funds so that we can amend the reports accordingly.

In your response you state the SEC explained that we did not receive adequate training from the grantor with respect to financial reporting of the Help America Vote Act (HAVA) funds. Actually, the SEC received no training regarding the financial reporting of HAVA funds. The SEC was prepared to use federal funds to hire someone who was proficient in federal grants, but we were unsuccessful in securing a qualified person to do so. We had never received federal funds in this agency until we received the Help America Vote Act (HAVA) funds. The EAC was not formed until two years after the money became available to us. We contacted General Services Administration (GSA) on several occasions to ask questions as they were in charge of the grant until the EAC was formed. In some cases we were told they could not advise us until the EAC made certain decisions. With no experience in administering grants, we contacted several people, including the Department of Public Safety and were advised by them that they would assist us with the process. They informed us immediately before they were to begin working with us that they could not do so. We contacted another person recommended by the State Budget Office and she agreed to assist us. However, after some consideration she also declined to assist us. We contacted the State Budget office, the State Treasurer's Office and several other state agencies, but have received no assistance to date.

South Carolina Auditor's Office  
05E28-3 - Reporting  
Page Two

In addition, when we received the information regarding the statewide single audit reports in 2003, we contacted the State Auditor's Office for clarification on the instructions. We received no assistance.

The State Auditor's Office has recommended that we meet with the federal grantor in an effort for the SEC to receive assistance in implementing procedures to ensure accurate reporting information. We have been unsuccessful in securing such assistance from the federal grantor thus far. We would greatly appreciate any assistance the State Auditor's Office could offer us in determining such procedures.

Sincerely,

A handwritten signature in cursive script, appearing to read "Marci Andino".

Marci Andino  
Executive Director

MBA/jr

# State of South Carolina



## Election Commission

PHONE: (803) 734-9060  
FAX: (803) 734-9366  
[www.state.sc.us/scscc](http://www.state.sc.us/scscc)

MARCI ANDINO  
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JOHN SAMUEL WEST

March 14, 2006

Ms. Jennifer L. Curran, Audit Manager  
South Carolina Auditor's Office  
1401 Main Street, Suite 1200  
Columbia, South Carolina 29201

Dear Ms. Curran:

This letter is in response to an audit performed by the South Carolina Auditor's Office and the reportable condition regarding 05E28-9 - Equipment Purchases.

The Auditor's Office reported the State Election Commission purchased eight voting machines to be used by the agency for the purpose of providing training to local and State government officials on the new statewide voting system. The State Election Commission purchased twelve voting machines.

We were advised by the Comptroller General's Office to code the voting machines allocated to the counties under object code 1721. We, inadvertently, did not break out the machines that were to be used by the State Election Commission. Therefore, they did not get flagged as a fixed asset when the voucher was entered into the system, and did not get entered into the official fixed asset program used by the agency. However, the employee in the agency who was in charge of receiving and recording all computer equipment did, in fact, record the machines, along with the serial numbers and other pertinent information, on a spreadsheet. He also assigned the machines a specific number in order to identify them.

Your report states that the State Election Commission understated its capital assets by \$56,993. This is not true. While we have not determined an exact cost for each machine to date, we know it will be under \$5,000. As such, the proper object code will be 5004 and the machines will not be reported on the agency's capitalized assets inventory.

South Carolina Auditor's Office  
05E28-4 - Equipment Purchase  
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In response to your recommendation that we develop and implement procedures to ensure equipment transactions are properly accounted for, the State Election Commission has a fixed assets policy (a copy was provided to your employees during the audit). We work diligently to ensure the policy is followed. This was an isolated incident where all county and SEC equipment were combined on the invoices and the number of machines was not indicated. Discounts were also applied, but were not listed out on the invoice. We would have already resolved this issue had we not experienced the problem in determining the cost of each machine.

We have been advised by your office not to make any adjustments to the vouchers as they were processed in fiscal year 2004-05, which has since closed. We have been in contact with the vendor who sold us the machines and will enter them into the small items inventory as soon as a cost is determined.

Sincerely,



Marci Andino  
Executive Director

MBA/jr